

December 31, 1998

D.T.E. 97-120-4

Petition of Western Massachusetts Electric Company pursuant to General Laws Chapter 164, §§ 76 and 94, and 220 C.M.R. §§ 1.00 et seq., for review of its electric industry restructuring proposal.

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Limited Participant

## ORDER ON CHANGES TO INITIAL ORDER TARIFFS

### I. PROCEDURAL HISTORY

On December 31, 1997, Western Massachusetts Electric Company ("WMECo" or "Company") submitted an electric industry restructuring plan ("Plan") to the Department of Telecommunications and Energy ("Department") for review. On February 19, 1998, the Department issued an Initial Order, subject to further review and reconciliation, approving the Company's Plan.<sup>(1)</sup> Western Massachusetts Electric Company, D.T.E. 97-120 (1998) ("Initial Order"). On July 1, 1998, the Company submitted tariffs consistent with the Company's proposal to provide an additional 2.4 percent rate reduction, and on July 2, 1998, the Department issued an Order approving the Company's revised tariffs. Western Massachusetts Electric Company, D.T.E. 97-120-2 (1998). On December 15, 1998, the Company submitted changes to the revised tariffs for Department approval.

### II. PROPOSED TARIFFS

The proposed changes to the existing tariffs (1) reflect a higher standard offer and default service rate, (2) implement statutorily-mandated changes in the demand-side management and renewable energy rates, and (3) adjust the transition charge downward to maintain compliance with the overall rate reductions required by the Electric Industry Restructuring Act, Chapter 164 of the Acts of 1997 ("Act"). The Company submitted tariffs to implement the proposed changes including: M.D.T.E. 1000D through 1013D, 1017D, 1025D, 1026C, 1032D and 1033D.

### III. ANALYSIS AND FINDINGS

#### A. Standard Offer and Default Service



In accordance with the provisions of the Company's existing standard offer service tariff, the Company is proposing to increase the standard offer service rate from \$0.028 per kilowatthour ("kWh") to \$0.031 per kWh for consumption on and after January 1, 1999. The Company is also proposing to change its default service rate to maintain consistency with the standard offer service rate. The Company is also proposing textual changes to its current standard offer service tariff to reflect the Company's proposed plan to collect cost over-and under recoveries through the transition charges.

The proposed increase to the standard offer service rate from \$0.028 per kilowatthour ("kWh") to \$0.031 per kWh for consumption on and after January 1, 1999 is consistent with the restructuring plan approved in the Initial Order. However, the proposed textual changes to the Company's existing standard offer service tariff to reflect its proposed plan to collect cost over-and under recoveries through the transition charges, while consistent with the restructuring plan currently proposed and under review by the Department, are not consistent with the restructuring plan approved by the Department in the Initial Order. Therefore, the Company is directed to revise the language of the standard offer service tariffs to reflect the restructuring plan approved by the Department in the Initial Order.

#### B. Demand-Side Management and Renewable Energy Charge

The Company is proposing to change the demand-side management charge from \$0.0033 per kWh to \$0.0031 per kWh. The Company is also proposing to change the renewables energy charge from \$0.00075 per kWh to \$0.001 per kWh. The proposed changes are consistent with the Act and the restructuring plan approved by the Department in the Initial Order.

#### C. Reduction in the Transition Charge

Given the increases to the standard offer and default service rate, and the changes to the demand-side management and renewables energy charges, the Company is proposing to decrease its transition charge to maintain revenue neutrality and compliance with the overall rate reductions required by the Act. The proposed reduction in the transition charge is consistent with the restructuring plan approved by the Department in the Initial Order.

### IV. ORDER

Accordingly, after due consideration, it is

ORDERED: That the proposed tariffs of Western Massachusetts Electric Company submitted on December 15, 1998: M.D.T.E. 1000D through 1013D, 1017D, 1026C, 1032D and 1033D be and hereby are APPROVED, subject to further review and reconciliation; and it is

FURTHER ORDERED: That the proposed tariff of Western Massachusetts Electric Company submitted on December 15, 1998, M.D.T.E. 1025D, be and hereby is DISAPPROVED; and it is

FURTHER ORDERED: That Western Massachusetts Electric Company shall comply with the directives of this Order.

By Order of the Department,

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Janet Gail Besser, Chair

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James Connelly, Commissioner

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W. Robert Keating, Commissioner

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Paul B. Vasington, Commissioner

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Eugene J. Sullivan, Jr., Commissioner

1. Tariffs in compliance with the Department's Initial Order were approved on March 3, 1998.